

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Georgetown Charter Township</b>	County <b>Ottawa</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>2/3/05</b>	Date Accountant Report Submitted to State: <b>5/13/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Kiekoover, Scholma &amp; Shumaker, PC</b>			
Street Address <b>205 East Main Street</b>	City <b>Zeeland</b>	State <b>MI</b>	ZIP <b>49464</b>
Accountant Signature <i>Kiekoover, Scholma &amp; Shumaker, PC</i>		Date <b>5/13/05</b>	

GEORGETOWN CHARTER TOWNSHIP, MICHIGAN

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2004

KIEKOVER, SCHOLMA & SHUMAKER, PC  
Certified Public Accountants  
Zeeland, Michigan

Georgetown Charter Township, Michigan  
ANNUAL FINANCIAL REPORT  
Year Ended December 31, 2004

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Georgetown Charter Township, Michigan  
ANNUAL FINANCIAL REPORT  
Year Ended December 31, 2004

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# FINANCIAL SECTION



**INDEPENDENT AUDITOR'S REPORT**

February 3, 2005

Township Board  
Georgetown Charter Township, Michigan  
Jenison, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Georgetown Charter Township, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Georgetown Charter Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Georgetown Charter Township, Michigan, as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages II through VII and 24 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Georgetown Charter Township, Michigan's basic financial statements. The combining nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Kiekoever, Scholma & Shumaker, PC*

## Georgetown Charter Township, Michigan

### Management's Discussion and Analysis

As management of Georgetown Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

#### Financial Highlights

- The assets of Georgetown Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$69,249,931 (*net assets*). Of this amount, \$5,910,505 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$3,392,832. Capital assets increased by \$2,944,046, while restricted net assets increased by \$56,138 and unrestricted net assets increased by \$392,648.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$3,135,085, an increase of \$110,250 in comparison with the prior year. Approximately 57% of this total amount, \$1,795,663 is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,698,610 or 38% of total general fund expenditures and transfers out (excluding the \$2,536,200 transfer to the Ice Arena fund during 2004).
- At December 31, 2004 the Township has no outstanding long-term obligations.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Georgetown Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer term view of the Township's finances and whether taxpayers have funded the full cost of providing government services. The first two statements are government-wide and include the following:

- The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.
- The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and state shared revenues and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of Georgetown Charter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and recreation and culture. The business-type activities of the Township include of water and sewer disposal systems and an ice arena currently under construction.

The government-wide financial statements can be found on pages 1-3 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Georgetown Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the Township's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Township's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Georgetown Charter Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Library Fund, both of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and library funds. Budgetary comparison schedules have been provided for the general fund and library fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-6 of this report.

**Proprietary funds.** Georgetown Charter Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water and sewer disposal systems operations and ice arena operations.

Proprietary funds provide the same type of information as the government-wide financial statements, but provide more detail and information, such as cash flows. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and Ice Arena Fund, both of which are considered to be major funds of Georgetown Charter Township.

The basic proprietary fund financial statements can be found on pages 7-9 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as the retirement plan for the Township's employees, in which the Township acts solely as trustee or agent. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Georgetown Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 10-11 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-23 of this report.



**Other information.** In addition to the basic financial statement and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparisons for the Township's general and library funds found on pages 24 to 27.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 28-29 of this report.

Immediately following the combining fund statements is a statistical section, which provides certain information pertaining to government revenues, expenditures, tax revenues and collections, demographic, and other statistical data.

### **Financial Analysis of the Township as a Whole**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Georgetown Charter Township, assets exceeded liabilities by \$69.2 million at the close of the fiscal year ended December 31, 2004.

The largest portion of the Township's net assets (90%) reflects its investment in capital assets. The Township uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net assets of the Township totaled \$.9 million and are reported in the governmental activities. These net assets have limits on their use that are externally imposed by restrictions such as enabling legislation or grantor restrictions. These resources can only be used for the specific purposes for which they were intended, such as expenditures for senior services and cemetery perpetual care. The remaining unrestricted net assets (\$5.9 million) may be used to meet the Township's ongoing operations.

The following table shows, in a condensed format, the net assets of Georgetown Charter Township as of December 31, 2004 and 2003.

**TABLE 1 - Georgetown Charter Township's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 6,659,865	\$ 7,082,438	\$ 3,764,327	\$ 4,153,309	\$ 10,424,192	\$ 11,235,747
Capital assets	16,716,687	17,532,127	45,683,317	41,923,831	62,400,004	59,455,958
Total assets	23,376,552	24,614,565	49,447,644	46,077,140	72,824,196	70,691,705
Long-term debt outstanding	-	-	-	-	-	-
Other liabilities	3,012,378	3,485,185	561,887	1,349,421	3,574,265	4,834,606
Total liabilities	3,012,378	3,485,185	561,887	1,349,421	3,574,265	4,834,606
Net assets:						
Invested in capital assets, net of related debt	16,716,687	17,532,127	45,683,317	41,923,831	62,400,004	59,455,958
Restricted	939,422	883,284	-	-	939,422	883,284
Unrestricted	2,708,065	2,713,969	3,202,440	2,803,888	5,910,505	5,517,857
Total net assets	\$ 20,364,174	\$ 21,129,380	\$ 48,885,757	\$ 44,727,719	\$ 69,249,931	\$ 65,857,099

As shown in Table 2 (changes in net assets), the Township's total revenues were approximately \$14.7 million for the current year, of which 19.2% was obtained from property taxes. Fees charged for services accounted for another 39.4% of the total, State shared revenues 20.1%, and capital grants and contributions (mostly in the form of water and wastewater hook-ups and developer contributions of systems) another 17.4%. The balance of the Township's revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services at December 31, 2004 was \$11.3 million. Township expenses cover a wide range of services. For the current fiscal year, about 29.7% of the Township's expenses related to public safety and public works, 11.2% related to recreation and culture, and 45.0% related to the provision of water and sewer services.

Net assets decreased by \$.76 million for the Township's governmental activities. Net assets for business-type activities increased by \$.42 million during the year, with the investment in capital assets increasing by \$.38 million.

The following analysis highlights the changes in net assets for the years ended December 31, 2004 and 2003:

**TABLE 2 - Georgetown Charter Township's Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Program revenues						
Charges for services	\$ 1,033,793	\$ 1,073,486	\$ 4,756,015	\$ 4,328,275	\$ 5,789,808	\$ 5,401,761
Operating grants and contributions	91,557	87,912	-	-	91,557	87,912
Capital grants and contributions	-	-	2,544,340	4,920,077	2,544,340	4,920,077
General revenues						
Property taxes	2,822,024	2,685,913	-	-	2,822,024	2,685,913
State shared revenues	2,947,307	3,102,730	-	-	2,947,307	3,102,730
Interest	60,014	133,362	83,539	91,494	143,553	224,856
Other revenue	321,875	214,764	-	-	321,875	214,764
Total revenues	<u>7,276,570</u>	<u>7,298,167</u>	<u>7,383,894</u>	<u>9,339,846</u>	<u>14,660,464</u>	<u>16,638,013</u>
Program expenses						
General government	860,655	877,519	-	-	860,655	877,519
Public safety	2,066,577	2,112,341	-	-	2,066,577	2,112,341
Public works	1,294,433	1,272,886	-	-	1,294,433	1,272,886
Community and economic development	60,512	57,548	-	-	60,512	57,548
Recreation and culture	1,266,169	1,214,354	-	-	1,266,169	1,214,354
Water and sewer	-	-	5,086,215	5,360,299	5,086,215	5,360,299
Ice arena	-	-	675,841	-	675,841	-
Total expenses	<u>5,548,346</u>	<u>5,534,648</u>	<u>5,762,056</u>	<u>5,360,299</u>	<u>11,310,402</u>	<u>10,894,947</u>
Change before contributions and transfers	1,728,224	1,763,519	1,621,838	3,979,547	3,350,062	5,743,066
Contributions to permanent funds	42,770	22,155	-	-	42,770	22,155
Transfers in (out)	<u>(2,536,200)</u>	<u>(4,500,000)</u>	<u>2,536,200</u>	<u>4,500,000</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ (765,206)</u>	<u>\$ (2,714,326)</u>	<u>\$ 4,158,038</u>	<u>\$ 8,479,547</u>	<u>\$ 3,392,832</u>	<u>\$ 5,765,221</u>

### **Financial Analysis of the Township's Funds**

**Governmental Funds** - Our analysis of the Township's major funds begins on page 4, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for 2004 consist of the General Fund and Library Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues and other financing sources for fiscal year 2004 decreased by \$300,146 or 4.1%. Property tax revenues increased by \$136,111 or 5.1%. State shared revenues decreased by \$197,332 or 6.2%. Revenues from licenses and permits decreased by \$260,353, mainly due to the township's decision to outsource its building inspection activities. State grant revenues decreased by \$104,580 as 2003 reflected proceeds from a park improvement grant. Other financing sources increased by \$299,719 mainly due to proceeds from the sale of capital assets in 2004.

General Fund expenditures decreased in 2004 by \$1,264,757 or 24.4%. The most significant changes occurred in the categories of General Government, Public Safety, Public Works and Recreation and Culture resulting from significantly lower capital assets expenditures in 2004 compared to 2003 when the Township acquired land, fire department vehicles and completed a softball complex. The Township's decision to outsource its building inspection activities contributed to a decrease of approximately \$174,000 in building department expenditures. Also in 2004 \$2,536,200 was transferred from the General Fund for the construction of an Ice Arena compared to \$4,500,000 transferred in 2003.

The Township expended approximately \$413,000 for construction of various road projects. These public works improvements were financed by General Fund appropriations.

The December 31, 2004 fund balance of the general fund is \$2,098,610 of which \$1,698,610 is unreserved. The unreserved fund balance decreased by \$359,482 from the prior year. The \$1,698,610 unreserved fund balance is approximately 24% of 2004 expenditures and operating transfers to other funds which amounted to \$6,950,674.

The Library Fund is used to account for state revenue sharing, library penal fines, other revenues and transfers from the General Fund for library operating purposes. Revenues decreased by \$6,056 or 2.4%, while transfers from the General Fund decreased by \$96,821 or 18.1%. Expenditures decreased by \$35,266 or 5.0%. The Library Fund fund balance at December 31, 2004 totaled \$97,053.

**Proprietary Funds** - Georgetown Charter Township's proprietary funds provide the same type of information found in the government-wide financial statements (business-type activities) but in more detail. The Township's proprietary funds are comprised of the Water/Sewer Fund and the Ice Arena Fund. Water and Sewer user rates were not increased in fiscal year 2004. The Ice Arena was completed in June of 2004.

Operating revenues for the Water and Sewer Fund decreased in fiscal year 2004 by \$29,412 from \$4,328,275 to \$4,298,863 due to decreased consumption. Operating expenses, including depreciation, decreased in fiscal year 2004 by \$274,084 from \$5,360,299 to \$5,086,215 due mainly to lower costs paid for water and sewer disposal services. Unrestricted net assets of the Water and Sewer Fund were \$3,474,705 at December 31, 2004. The Water and Sewer Fund had a total increase in net assets of \$1,840,527.

During fiscal year 2004, the Township added approximately \$1.6 million of capital assets to its water and sewer systems, including approximately \$1.0 million of capital assets contributed by developers.

The Ice Arena Fund began operation in July 2004 and had total operating revenues of \$457,152 and total operating expenses, including depreciation, of \$675,841. Unrestricted net assets (deficit) of the Ice Arena Fund were \$(272,265) at December 31, 2004. The Ice Arena Fund had a total increase in net assets of \$2,317,500, resulting from transfers in from the General Fund of \$2,536,200.

During 2004 the ice arena was completed and approximately \$3.3 million was added to the cost of the arena and related equipment.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board amended the budget to take into account events during the year. The most significant change was a decrease in licenses and permits revenue of \$251,700 to reflect the Township's decision to outsource its building inspection activities in February 2004.

### **Capital Asset and Debt Administration**

At the end of 2004, the Township had \$62,400,004 invested in a broad range of capital assets, including buildings, fire equipment, park land and improvements, bike paths, roads, drains, an ice arena, and water and sewer lines. The Township's investment in roads and drains within the Township are recorded as intangible assets (shared street improvements and flowage rights). Although paid for by the Township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

At December 31, 2004, the Township had no long-term debt.

### **Economic Factors and Next Year's Budgets and Rates**

The Township's budget for 2004 calls for a change in the overall property tax rate of 2.5 mills to 2.25 mills. This can be accomplished because of the tax base growth. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

The Township plans to continue maintenance and improvement of its general infrastructure, including annual improvements to roads, drains, and bike paths. The 2005 budget provides for about \$1.5 million in General Fund appropriations for these initiatives.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's finance director.

**Basic  
Financial Statements**

Georgetown Charter Township, Michigan  
STATEMENT OF NET ASSETS  
December 31, 2004

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 4,291,009	\$ 3,393,046	\$ 7,684,055
Receivables:			
Taxes	1,398,067	245,409	1,643,476
Accounts	49,061	-	49,061
Interest	23,261	-	23,261
Due from other governments	498,467	-	498,467
Internal balances	400,000	(400,000)	-
Inventories	-	104,257	104,257
Assessments receivable	-	421,615	421,615
Capital assets	<u>16,716,687</u>	<u>45,683,317</u>	<u>62,400,004</u>
 Total Assets	 <u>23,376,552</u>	 <u>49,447,644</u>	 <u>72,824,196</u>
 <b>LIABILITIES</b>			
Accounts payable and accruals	332,052	474,264	806,316
Due to other governments	-	87,623	87,623
Deferred revenue	<u>2,680,326</u>	<u>-</u>	<u>2,680,326</u>
 Total Liabilities	 <u>3,012,378</u>	 <u>561,887</u>	 <u>3,574,265</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	16,716,687	45,683,317	62,400,004
Restricted for:			
Senior center	50,352	-	50,352
Perpetual care - nonexpendable	889,070	-	889,070
Unrestricted	<u>2,708,065</u>	<u>3,202,440</u>	<u>5,910,505</u>
 Total Net assets	 <u>\$ 20,364,174</u>	 <u>\$ 48,885,757</u>	 <u>\$ 69,249,931</u>

Georgetown Charter Township, Michigan  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2004

Function/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 860,655	\$ 575,504	\$ -	\$ -
Public safety	2,066,577	143,743	-	-
Public works	1,294,433	-	-	-
Community and economic development	60,512	56,128	-	-
Recreation and culture	1,266,169	258,418	91,557	-
Total governmental activities	<u>5,548,346</u>	<u>1,033,793</u>	<u>91,557</u>	<u>-</u>
Business-type activities:				
Water and sewer	5,086,215	4,298,863	-	2,544,340
Ice arena	675,841	457,152	-	-
Total business-type activities	<u>5,762,056</u>	<u>4,756,015</u>	<u>-</u>	<u>2,544,340</u>
Total Primary Government	<u>\$ 11,310,402</u>	<u>\$ 5,789,808</u>	<u>\$ 91,557</u>	<u>\$ 2,544,340</u>

General revenues:  
  Property taxes  
  State shared revenues  
  Interest  
  Gain on sale of capital assets  
  Other  
  Contributions to permanent funds  
  Transfers  
  Total General Revenues,  
  Contributions and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue  
and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (285,151)	\$ -	\$ (285,151)
(1,922,834)	-	(1,922,834)
(1,294,433)	-	(1,294,433)
(4,384)	-	(4,384)
(916,194)	-	(916,194)
<u>(4,422,996)</u>	<u>-</u>	<u>(4,422,996)</u>
-	1,756,988	1,756,988
-	(218,689)	(218,689)
-	<u>1,538,299</u>	<u>1,538,299</u>
<u>(4,422,996)</u>	<u>1,538,299</u>	<u>(2,884,697)</u>
2,822,024	-	2,822,024
2,947,307	-	2,947,307
60,014	83,539	143,553
294,589	-	294,589
27,286	-	27,286
42,770	-	42,770
<u>(2,536,200)</u>	<u>2,536,200</u>	<u>-</u>
<u>3,657,790</u>	<u>2,619,739</u>	<u>6,277,529</u>
(765,206)	4,158,038	3,392,832
<u>21,129,380</u>	<u>44,727,719</u>	<u>65,857,099</u>
<u>\$ 20,364,174</u>	<u>\$ 48,885,757</u>	<u>\$ 69,249,931</u>



Georgetown Charter Township, Michigan  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2004

	General	Library	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 3,220,087	\$ 122,284	\$ 948,638	\$ 4,291,009
Receivables:				
Taxes	1,398,067	-	-	1,398,067
Accounts	48,918	-	143	49,061
Interest	23,261	-	-	23,261
Advances to other funds	400,000	-	-	400,000
 Total Assets	 <u>\$ 5,090,333</u>	 <u>\$ 122,284</u>	 <u>\$ 948,781</u>	 <u>\$ 6,161,398</u>
 <b>LIABILITIES</b>				
Accounts payable and accruals	\$ 297,462	\$ 25,231	\$ 9,359	\$ 332,052
Deferred revenue	2,694,261	-	-	2,694,261
 Total Liabilities	 <u>2,991,723</u>	 <u>25,231</u>	 <u>9,359</u>	 <u>3,026,313</u>
 <b>FUND BALANCES</b>				
Reserved for senior center	-	-	50,352	50,352
Reserved for perpetual care - nonexpendable	-	-	889,070	889,070
Reserved for advances	400,000	-	-	400,000
Unreserved	1,698,610	97,053	-	1,795,663
 Total Fund Balances	 <u>2,098,610</u>	 <u>97,053</u>	 <u>939,422</u>	 <u>3,135,085</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,090,333</u>	 <u>\$ 122,284</u>	 <u>\$ 948,781</u>	
 Amount reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
General capital assets				8,892,796
Infrastructure assets				7,823,891
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures				498,467
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures				<u>13,935</u>
 Net Assets of Governmental Activities				 <u>\$ 20,364,174</u>

Georgetown Charter Township, Michigan  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2004

	General	Library	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,822,024	\$ -	\$ -	\$ 2,822,024
Licenses and permits	403,159	-	-	403,159
State grants	-	-	47,537	47,537
State shared revenues	2,985,112	44,020	-	3,029,132
Charges for services	163,923	19,144	94,467	277,534
Fines and forfeitures	82,363	178,805	-	261,168
Interest	60,014	-	39,013	99,027
Other	136,362	8,599	225	145,186
Total Revenues	<u>6,652,957</u>	<u>250,568</u>	<u>181,242</u>	<u>7,084,767</u>
Expenditures:				
Current:				
General government	844,736	-	-	844,736
Public safety	1,896,129	-	-	1,896,129
Public works	782,793	-	-	782,793
Community and economic development	60,512	-	-	60,512
Recreation and culture	336,385	675,140	141,711	1,153,236
Total Expenditures	<u>3,920,555</u>	<u>675,140</u>	<u>141,711</u>	<u>4,737,406</u>
Excess of Revenues Over (Under) Expenditures	<u>2,732,402</u>	<u>(424,572)</u>	<u>39,531</u>	<u>2,347,361</u>
Other Financing Sources:				
Operating transfers in	39,146	438,166	55,753	533,065
Operating transfers out	(3,030,119)	-	(39,146)	(3,069,265)
Sale of capital assets	299,089	-	-	299,089
Total Other Financing Sources (Uses)	<u>(2,691,884)</u>	<u>438,166</u>	<u>16,607</u>	<u>(2,237,111)</u>
Net Change in Fund Balances	40,518	13,594	56,138	110,250
Fund Balances - January 1	<u>2,058,092</u>	<u>83,459</u>	<u>883,284</u>	<u>3,024,835</u>
Fund Balances - December 31	<u>\$ 2,098,610</u>	<u>\$ 97,053</u>	<u>\$ 939,422</u>	<u>\$ 3,135,085</u>

Georgetown Charter Township, Michigan  
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended December 31, 2004

Net change in fund balances-Total Governmental Funds \$ 110,250

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	88,863
Current year capital outlays capitalized - infrastructure capital assets	413,360
Current year depreciation expense on capitalized assets	(1,313,163)

Governmental funds report the proceeds from the disposal of capital assets. In the statement of activities only the gain or loss is reported for each disposal. Therefore the change in net assets differs from the change in fund balance by the net book value of assets disposed (4,500)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

Grants	-
State shared revenues	(37,805)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not recorded in the funds until collected or collectible within 60 days of year end (22,211)

Change in net assets of governmental activities \$ (765,206)

Georgetown Charter Township, Michigan  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2004

	Enterprise Funds		
	Water and Sewer	Ice Arena	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 3,282,632	\$ 110,414	\$ 3,393,046
Accounts receivable	245,409	-	245,409
Inventories	-	104,257	104,257
Total Current Assets	<u>3,528,041</u>	<u>214,671</u>	<u>3,742,712</u>
Noncurrent Assets:			
Assessments receivable	421,615	-	421,615
Capital assets	<u>37,443,141</u>	<u>8,240,176</u>	<u>45,683,317</u>
Total Noncurrent Assets	<u>37,864,756</u>	<u>8,240,176</u>	<u>46,104,932</u>
Total Assets	<u>41,392,797</u>	<u>8,454,847</u>	<u>49,847,644</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accruals	387,328	86,936	474,264
Due to other units	<u>87,623</u>	<u>-</u>	<u>87,623</u>
Total Current Liabilities	<u>474,951</u>	<u>86,936</u>	<u>561,887</u>
Noncurrent Liabilities:			
Advances from other funds	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total Liabilities	<u>474,951</u>	<u>486,936</u>	<u>961,887</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	37,443,141	8,240,176	45,683,317
Unrestricted	<u>3,474,705</u>	<u>(272,265)</u>	<u>3,202,440</u>
Total Net Assets	<u>\$ 40,917,846</u>	<u>\$ 7,967,911</u>	<u>\$ 48,885,757</u>

Georgetown Charter Township, Michigan  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
Year Ended December 31, 2004

	Enterprise Funds		
	Water and Sewer	Ice Arena	Total
Operating Revenues:			
Water sales	\$ 1,982,801	\$ -	\$ 1,982,801
Sewage disposal service	2,030,754	-	2,030,754
Ice arena rentals and programs	-	310,117	310,117
Ice arena pro shop and concessions sales	-	129,677	129,677
Other revenues	285,308	17,358	302,666
Total Operating Revenues	<u>4,298,863</u>	<u>457,152</u>	<u>4,756,015</u>
Operating Expenses:			
Cost of water	1,093,388	-	1,093,388
Cost of sewage disposal	1,663,973	-	1,663,973
Cost of pro shop and concessions sales	-	64,280	64,280
Operation and maintenance	716,904	256,969	973,873
General and administrative	604,421	241,676	846,097
Depreciation	1,007,529	112,916	1,120,445
Total Operating Expenses	<u>5,086,215</u>	<u>675,841</u>	<u>5,762,056</u>
Operating Income (Loss)	(787,352)	(218,689)	(1,006,041)
Nonoperating Revenues (Expenses)			
Interest income	<u>83,539</u>	<u>-</u>	<u>83,539</u>
Income (Loss) Before Contributions and Transfers	(703,813)	(218,689)	(922,502)
Capital contributions	2,544,340	-	2,544,340
Transfers in	<u>-</u>	<u>2,536,200</u>	<u>2,536,200</u>
Change in Net Assets	1,840,527	2,317,511	4,158,038
Net Assets - January 1	<u>39,077,319</u>	<u>5,650,400</u>	<u>44,727,719</u>
Net Assets - December 31	<u>\$ 40,917,846</u>	<u>\$ 7,967,911</u>	<u>\$ 48,885,757</u>

Georgetown Charter Township, Michigan  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2004

	Enterprise Funds		
	Water and Sewer	Ice Arena	Total
Cash Flows From Operating Activities:			
Receipts from customers	\$ 4,379,011	\$ 456,416	\$ 4,835,427
Payments to suppliers	(4,050,154)	(412,324)	(4,462,478)
Payments to employees	(445,746)	(168,486)	(614,232)
Net Cash Provided (Used) By Operating Activities	(116,889)	(124,394)	(241,283)
Cash Flows From Noncapital Financing Activities:			
Transfers from/to other funds	-	2,536,200	2,536,200
Advances from other funds	-	400,000	400,000
Net Cash Provided By Noncapital Financing Activities	-	2,936,200	2,936,200
Cash Flows From Capital and Related Financing Activities:			
Capital contributions	1,525,647	-	1,525,647
Construction and purchase of capital assets	(572,250)	(3,805,268)	(4,377,518)
Net Cash Provided (Used) By Capital and Related Financing Activities	953,397	(3,805,268)	(2,851,871)
Cash Flows From Investing Activities:			
Interest received on investments	83,539	-	83,539
Net Increase (Decrease) in Cash and Investments	920,047	(993,462)	(73,415)
Cash and Investments - January 1	2,362,585	1,103,876	3,466,461
Cash and Investments - December 31	\$ 3,282,632	\$ 110,414	\$ 3,393,046
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Operating income (loss)	(787,352)	\$ (218,689)	\$ (1,006,041)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,007,529	112,916	1,120,445
Change in assets and liabilities:			
Receivables	2,952	200	3,152
Inventories		(104,257)	(104,257)
Accounts payable	(340,018)	85,436	(254,582)
Net Cash Provided By Operating Activities	\$ (116,889)	\$ (124,394)	\$ (241,283)
Noncash capital financing activities:			
Contribution of capital assets from developers	\$ 1,035,365	\$ -	\$ 1,035,365

Georgetown Charter Township, Michigan  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2004

	Pension Trust Fund	Retirement Benefit	Agency Fund Type	
			Tax Collection	Escrow Deposit
ASSETS				
Cash and investments	<u>\$ 1,249,517</u>	<u>\$ 106,503</u>	<u>\$ 1,511,860</u>	<u>\$ 18,110</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 18,110
Due to other governments	<u>-</u>	<u>-</u>	<u>1,511,860</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 1,511,860</u>	<u>\$ 18,110</u>
NET ASSETS				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 1,249,517</u>	<u>\$ 106,503</u>		

Georgetown Charter Township, Michigan  
STATEMENT OF CHANGES FIDUCIARY IN NET ASSETS  
FIDUCIARY FUNDS  
Year Ended December 31, 2004

	Pension Trust Fund	Retirement Benefit
ADDITIONS		
Employer contributions	\$ 122,621	\$ 5,400
Employee rollover	-	-
Total Contributions	<u>122,621</u>	<u>5,400</u>
Investment earnings:		
Interest	13,918	1,914
Net appreciation (depreciation) in fair value of investments	<u>119,946</u>	<u>-</u>
Total Investment Earnings	<u>133,864</u>	<u>1,914</u>
Total Additions	<u>256,485</u>	<u>7,314</u>
DEDUCTIONS		
Benefit payments	398,858	14,947
Administrative expense	<u>15,489</u>	<u>-</u>
Total Deductions	<u>414,347</u>	<u>14,947</u>
Change in Net Assets	(157,862)	(7,633)
Net Assets - January 1	<u>1,407,379</u>	<u>114,136</u>
Net Assets - December 31	<u>\$ 1,249,517</u>	<u>\$ 106,503</u>



Georgetown Charter Township, Michigan  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2004

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Georgetown Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Georgetown Charter Township:

**A. Reporting Entity**

Georgetown Charter Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

**Blended Component Unit.** The township has no blended component units.

**Discretely Presented Component Unit.** The township has no discretely presented component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Georgetown Charter Township has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes (state shared revenues) collected and held by the State at year end on behalf of the township and paid to the township at the end of the following February are recognized as revenue in the year received. Such amounts are not normally received within 60 days of the current fiscal year and are budgeted for use by the township in the year received. Other revenue is recorded when received.

The township reports the following major governmental funds:

#### *General Fund*

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

#### *Library (Special Revenue) Fund:*

The Library Fund accounts for restricted state revenue sharing, library penal fines, other revenues and transfers from the general fund used for library purposes.

The government reports the following major proprietary funds:

#### *Water and Sewer Fund*

This fund is used to account for the operation and maintenance of a water distribution system, including storage tanks, pumping stations, distribution mains and services and related equipment. Water is purchased from the City of Wyoming for storage and distribution to the township's customers.

This fund also accounts for the operation and maintenance of a wastewater collection system. The township contracts for wastewater treatment services through the City of Grandville Wastewater Treatment Plant.

#### *Ice Arena Fund*

This fund is used to account for the construction, operation, and maintenance of a township owned ice arena which opened for operation in 2004. The ice arena is available for use by the general public.

Additionally, the government reports the following fund types:

### **Governmental Funds**

#### *Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

#### *Permanent Fund*

The Permanent Fund accounts for assets held by the township pursuant to a trust agreement. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

### **Proprietary Funds**

#### *Enterprise Funds*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

## **Fiduciary Funds (Not included in government-wide statements)**

### *Agency Funds*

Agency Funds account for assets held by the township in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

### *Pension Trust Fund*

The Pension Trust Fund accounts for the assets of the township pension plan for eligible employees and officials and is accounted for in essentially the same manner as proprietary funds.

### *Retirement Benefit Fund*

The Retirement Benefit Fund accounts for monies received for and payment of post-employment health care benefits.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the township's water and sewer function and various other functions of the township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

## **D. Assets, Liabilities, and Net Assets or Equity**

### *1. Bank Deposits and Investments.*

The township pools cash resources of its various funds to facilitate the management of cash. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the township's investments. The Pension Trust Fund, Perpetual Care Fund and Escrow Deposit Fund maintain accounts on a separate basis outside of the combined cash management pool.

For purposes of the statement of cash flows, the proprietary funds type considers all transactions within the township's pooled cash accounts to be cash and cash equivalents.

Investments are recorded at fair value. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool.

## 2. *Receivables and Payables.*

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

## 3. *Inventories and Prepaid Items.*

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

## 4. *Capital Assets.*

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 (\$20,000 for business-type activities) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 of interest expense was capitalized as part of the cost of assets under construction.

Included in capital assets are the township's investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	40
Water and Sewer Lines	50
Roads (shared road improvements)	15
Drains (flowage rights)	15
Vehicles	5-20
Office furniture and equipment	5

## 5. *Compensated Absences.*

Township employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

## 6. Long-Term Obligations.

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

## 7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## E. Property Taxes

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned delinquent to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

Although the township's 2003 ad valorem tax is levied and collectible on December 1, 2003, it is the township's policy to recognize revenue from this levy in the year ended December 31, 2004, when the proceeds of this levy are budgeted and made available for the financing of operations.

The 2003 taxable valuation of the township totaled \$1,113,971,214, on which ad valorem taxes levied consisted of 2.5000 mills for township operating purposes, raising \$2,784,928 for operating. This amount is recognized in the General Fund as tax revenue.

## F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimated and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Actual results could differ from those estimates.

## NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**State Construction Code Act** - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

The township accounts for the activity of its building inspection department within its general fund. Following is a summary of the cumulative deficit and activity for the year ended December 31, 2004:

Surplus (deficit) - December 31, 2003		\$ (117,983)
Charges for services	\$ 100,702	
Building inspection expenditures	<u>219,794</u>	<u>(119,092)</u>
Surplus (deficit) - December 31, 2004		<u>\$ (237,075)</u>

### NOTE 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

*Michigan Compiled Laws, Section 129.91*, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated several banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	<u>\$ 4,291,009</u>	<u>\$ 3,393,046</u>	<u>\$ 2,885,990</u>	<u>\$ 10,570,045</u>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 8,769,958
Investments in Securities, Mutual Funds and Similar Vehicles	<u>1,800,087</u>
	<u>\$ 10,570,045</u>

The bank balance of the township's deposits is \$9,407,104, of which \$300,000 is covered by federal depository insurance and \$9,107,104 is uninsured and uncollateralized.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the township or its agent in the township's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the township's name.
- (3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the township's name.

At year-end, the township's investment balances were categorized as follows:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$ <u>-</u>	\$ <u>532,460</u>	\$ <u>-</u>	\$ 532,460	\$ 532,460
Investments Not Subject to Categorization					
Bank funds investment pools				18,110	18,110
Pension funds mutual funds				<u>1,249,517</u>	<u>1,249,517</u>
Total Investments				<u>\$ 1,800,087</u>	<u>\$ 1,800,087</u>

#### B. Receivables

Receivables as of year-end for the township's individual major funds and non-major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water and Sewer</u>	<u>Ice Arena</u>	<u>Non-major Funds</u>	<u>Agency</u>	<u>Total</u>
Receivables:						
Taxes	\$ 1,398,067	\$ -	\$ -	\$ -	\$ -	\$ 1,398,067
Accounts	48,918	245,409	-	143	-	294,470
Interest	23,261	-	-	-	-	23,261
Special assessments	<u>-</u>	<u>421,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,615</u>
Gross receivables	1,470,246	667,024	-	143	-	2,137,413
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,470,246</u>	<u>\$ 667,024</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 2,137,413</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ 2,680,326	\$ -
Special assessments	<u>13,935</u>	<u>-</u>
Total	<u>\$ 2,694,261</u>	<u>\$ -</u>

### C. Capital Assets

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 968,213	\$ -	\$ -	\$ 968,213
Construction in progress	-	-	-	-
Subtotal	<u>968,213</u>	<u>-</u>	<u>-</u>	<u>968,213</u>
Capital Assets Being Depreciated				
Building and improvements	6,982,113	-	-	6,982,113
Land improvements	1,669,835	36,840	-	1,706,675
Machinery and equipment	687,355	52,023	(11,568)	727,810
Office furniture and equipment	226,625	-	-	226,625
Vehicles	1,572,199	-	(53,575)	1,518,624
Infrastructure	<u>13,819,257</u>	<u>413,360</u>	<u>-</u>	<u>14,232,617</u>
Subtotal	<u>24,957,384</u>	<u>502,223</u>	<u>(65,143)</u>	<u>25,394,464</u>
Less Accumulated Depreciation for				
Buildings and improvements	(1,227,437)	(174,553)	-	(1,401,990)
Land improvements	(334,615)	(82,992)	-	(417,607)
Machinery and equipment	(610,955)	(36,396)	11,568	(635,783)
Office furniture and equipment	(200,435)	(13,095)	-	(213,530)
Vehicles	(507,695)	(109,734)	49,075	(568,354)
Infrastructure	<u>(5,512,333)</u>	<u>(896,393)</u>	<u>-</u>	<u>(6,408,726)</u>
Subtotal	<u>(8,393,470)</u>	<u>(1,313,163)</u>	<u>60,643</u>	<u>(9,645,990)</u>
Net Capital Assets Being Depreciated	<u>16,563,914</u>	<u>(810,940)</u>	<u>(4,500)</u>	<u>15,748,474</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 17,532,127</u>	<u>\$ (810,940)</u>	<u>\$ (4,500)</u>	<u>\$ 16,716,687</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 74,518
Public safety	170,448
Public works	925,000
Community and economic development	-
Recreation and culture	<u>143,197</u>
Total	<u>\$ 1,313,163</u>



<b>Business-Type Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 106,400	\$ -	\$ -	\$ 106,400
Construction in progress	<u>7,421,523</u>	<u>495,114</u>	<u>(5,080,776)</u>	<u>2,835,861</u>
Subtotal	<u>7,527,923</u>	<u>495,114</u>	<u>(5,080,776)</u>	<u>2,942,261</u>
Capital Assets Being Depreciated				
Ice Arena				
Buildings	-	7,926,891	-	7,926,891
Furniture and equipment	-	426,201	-	426,201
Water and Sewer				
Buildings	1,079,852	-	-	1,079,852
Furniture and equipment	94,915	-	-	94,915
Vehicles	133,872	-	(18,798)	115,074
Water systems	15,661,947	212,290	-	15,874,237
Sewer systems	<u>30,350,719</u>	<u>903,970</u>	<u>-</u>	<u>31,254,689</u>
Subtotal	<u>47,321,305</u>	<u>9,469,352</u>	<u>(18,798)</u>	<u>56,771,859</u>
Less Accumulated Depreciation for				
Ice Arena				
Buildings	-	(99,086)	-	(99,086)
Furniture and equipment	-	(13,830)	-	(13,830)
Water and Sewer				
Buildings	(265,010)	(53,993)	-	(319,003)
Office furniture and equipment	(15,736)	(15,836)	-	(31,572)
Vehicles	(92,121)	(17,447)	15,039	(94,529)
Water systems	(4,617,874)	(313,239)	-	(4,931,113)
Sewer systems	<u>(7,934,656)</u>	<u>(607,014)</u>	<u>-</u>	<u>(8,541,670)</u>
Subtotal	<u>(12,925,397)</u>	<u>(1,120,445)</u>	<u>15,039</u>	<u>(14,030,803)</u>
Net Capital Assets Being Depreciated	<u>34,395,908</u>	<u>8,348,907</u>	<u>(3,759)</u>	<u>42,741,056</u>
Business Type Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 41,923,831</u>	<u>\$ 8,844,021</u>	<u>\$ (5,084,535)</u>	<u>\$ 45,683,317</u>

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities:	
Ice arena	\$ 112,916
Water and Sewer	<u>1,007,529</u>
Total	<u>\$ 1,120,445</u>

*Construction Commitments*-The township has active construction projects at year-end. At year-end the township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water systems projects	<u>\$ 2,835,861</u>	<u>\$ 1,816,594</u>

#### D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2004 is as follows:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ice Arena	<u>\$ 400,000</u>

The amount payable to the General Fund relates to a working capital loan made to the Ice Arena Fund. None of the balance is scheduled to be collected in the subsequent year.

Interfund transfers:

Transfers In	Transfers Out		
	General	Non-Major	
	Fund	Governmental	Total
		Funds	
General Fund	\$ -	\$ 39,146 (1)	\$ 39,146
Library Fund	438,166 (2)	-	438,166
Senior Center Fund	55,753 (3)	-	55,753
Ice Arena Fund	<u>2,536,200 (4)</u>	<u>-</u>	<u>2,536,200</u>
Total	<u>\$ 3,030,119</u>	<u>\$ 39,146</u>	<u>\$ 3,069,265</u>

The following describes the nature of significant transfers:

- (1) Transfer of Perpetual Care Fund earnings to General Fund to be used for cemetery care expenses
- (2) Transfer from General Fund to Library Fund for operating purposes
- (3) Transfer from General Fund to Senior Center Fund for operating purposes
- (4) Transfer from General Fund to Ice Arena Fund for capital construction purposes

#### E. Long-Term Debt

The township has no long-term debt at December 31, 2004.

Georgetown Charter Township, along with other local municipalities, purchases water from the City of Wyoming for storage and distribution to the township's customers. The City of Wyoming bills Ottawa County for this water purchase which in turn bills the individual municipalities.

Ottawa County has issued general obligation bonds to provide for the construction and acquisition of a portion of the City of Wyoming water system for the benefit of the local municipalities. Each participating municipality has pledged its full faith and credit for the payment of its respective share of contract payments to Ottawa County sufficient to pay the principal and interest on the bonds.

Separate contract payments for principal and interest on these bonds are not made by the township but instead are included as part of the overall water rate charged by Ottawa County to the township.

At December 31, 2004, the portion of these Ottawa County bonds outstanding for which the township has pledged its full faith and credit amounted to \$5,812,694.

#### **NOTE 4. OTHER INFORMATION**

##### **A. Risk Management**

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by the Michigan Municipal Workers Compensation Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

##### **B. Contingencies**

The township (Water and Sewer Fund) purchases water from the City of Wyoming through Ottawa County for storage and distribution to its customers. Billings for these purchases for 2004 may be subject to adjustment due to potential under billings. The additional liability of the township, if any, is not determinable at this time but could range from \$0 to approximately \$300,000.

##### **C. Post-Employment Health Care Benefits**

The township provides post-employment health care benefits to certain retired employees. For employees hired between January 1, 2001 and June 9, 2003, the Township will pay 50% of the employee's medical insurance premium for those who retire under the "80 year rule". Under the 80-year rule an employee is eligible to retire if their years of age added to their years of service equal or exceed 80 years provided they have at least twenty years of continuous service. For employees hired prior to January 1, 2001 and after January 1, 1996, the Township will pay 50% of the employee's medical insurance premium for those who retire under the "80 year rule" provided they have at least ten years of continuous service. For employees hired prior to January 1, 1996, the Township will pay the employee's medical insurance premium for those employees who either 1.) retire after the age of 62 who have been full-time employees of the township for more than 10 years; or 2.) retire under the "80 year rule".

Currently, 5 retirees receive such post-employment benefits. Expenditures for post-employment health care benefits have been recognized in the general fund as transfers are made and in the retirement benefit fund as the township makes payment of monthly premiums to the provider insurance company. During the year, expenditures of \$14,947 were recognized for post-employment insurance benefits in the retirement benefit fund.

At December 31, 1993 the township established a separate retirement benefit fund to account for monies received for and the future payment of these post-employment health care benefits.

##### **D. Deferred Compensation Plan**

The township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan were held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

## E. Pension Plan

The Georgetown Charter Township Group Pension Plan is a defined contribution plan established by the township to provide benefits at retirement to employees of the township meeting length of service requirements. At December 31, 2004, there were 21 plan members. No contributions are required of plan members. The township contribution is 11.5% of covered salary and amounted to \$122,621 for 2004. Plan provisions and contribution requirements are established and may be amended by the Georgetown Charter Township Board.

### Significant Accounting Policies:

#### *Basis of Accounting*

The plan's financial statements are prepared using the accrual basis of accounting. Employer and plan participant contributions are recognized in the period that the contributions are due.

#### *Method Used to Value Investments*

Plan Investments are in pooled and guaranteed accounts with Manufacturers Life Insurance Company and are reported at fair value.

### Concentrations:

As of December 31, 2004, investments representing 5% or more of plan assets are as follows:

	<u>Amount</u>	<u>Percent of Total Market Value</u>
Mutual Funds:		
Manulife Lifestyle Fund-Aggressive Portfolio	\$ 86,372	6.91%
5 Year Guaranteed Interest Account	133,443	10.68%
10 Year Guaranteed Interest Account	112,337	8.99%
MFC T. Rowe Price Blue Chip Growth Fund	89,990	7.20%
Quantitative All Cap Fund	62,674	5.02%

**Required  
Supplementary Information**

Georgetown Charter Township, Michigan  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<b>Revenues:</b>				
Taxes	\$ 2,834,200	\$ 2,820,700	\$ 2,822,024	\$ 1,324
Licenses and permits	655,375	403,675	403,159	(516)
State shared revenues	3,002,500	3,013,185	2,985,112	(28,073)
Charges for services	142,700	131,471	163,923	32,452
Fines and forfeitures	65,000	65,000	82,363	17,363
Interest	50,000	50,000	60,014	10,014
Other	84,000	92,300	136,362	44,062
Total Revenues	<u>6,833,775</u>	<u>6,576,331</u>	<u>6,652,957</u>	<u>76,626</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Township Board	46,500	46,500	38,827	7,673
Supervisor	113,695	113,695	105,714	7,981
Elections	65,300	78,300	72,860	5,440
Assessor	104,905	104,905	92,133	12,772
Clerk	102,294	102,294	100,262	2,032
Board of Review	2,253	2,253	1,711	542
General administration	127,721	138,721	134,836	3,885
Treasurer	101,842	101,842	97,677	4,165
Cemetery	163,602	202,102	200,716	1,386
Total General Government	<u>828,112</u>	<u>890,612</u>	<u>844,736</u>	<u>45,876</u>
Public Safety:				
Sheriff E-Unit	1,096,000	1,096,000	1,050,067	45,933
School safety	54,200	54,200	54,189	11
Fire department	590,510	595,310	559,631	35,679
Building inspection	388,725	296,725	219,794	76,931
Civil defense	18,257	18,257	12,448	5,809
Total Public Safety	<u>2,147,692</u>	<u>2,060,492</u>	<u>1,896,129</u>	<u>164,363</u>
Public Works:				
Drains	203,000	103,000	27,594	75,406
Highways, streets and bridges	533,000	533,000	482,434	50,566
Street lighting	291,000	291,000	272,765	18,235
Total Public Works	<u>1,027,000</u>	<u>927,000</u>	<u>782,793</u>	<u>144,207</u>

Georgetown Charter Township, Michigan  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Community and Economic Development:				
Planning Commission	45,142	52,892	52,868	24
Zoning Board of Appeals	11,395	11,395	7,644	3,751
Total Community and Economic Development	56,537	64,287	60,512	3,775
Recreation and Culture:				
Parks	259,287	279,287	278,990	297
Community projects	52,000	52,383	52,383	-
Historical society	4,200	5,200	5,012	188
Total Recreation and Culture	315,487	336,870	336,385	485
Total Expenditures	4,374,828	4,279,261	3,920,555	358,706
Excess Of Revenues Over Expenditures	2,458,947	2,297,070	2,732,402	435,332
Other Financing Sources (Uses):				
Operating transfers in	40,000	40,000	39,146	(854)
Operating transfers out	(2,993,919)	(3,030,119)	(3,030,119)	-
Sale of capital assets	-	296,129	299,089	2,960
Total Other Financing Sources (Uses)	(2,953,919)	(2,693,990)	(2,691,884)	2,106
Net Change in Fund Balances	(494,972)	(396,920)	40,518	437,438
Fund Balances - January 1	2,058,092	2,058,092	2,058,092	-
Fund Balances - December 31	\$ 1,563,120	\$ 1,661,172	\$ 2,098,610	\$ 437,438

Georgetown Charter Township, Michigan  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - LIBRARY FUND  
Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
State shared revenues	\$ 33,719	\$ 33,719	\$ 44,020	\$ 10,301
Charges for services	16,200	16,200	19,144	2,944
Fines and forfeitures	181,900	181,900	178,805	(3,095)
Other	5,200	5,200	8,599	3,399
Total Revenues	<u>237,019</u>	<u>237,019</u>	<u>250,568</u>	<u>13,549</u>
Expenditures:				
Current:				
Recreation and culture	<u>795,185</u>	<u>795,185</u>	<u>675,140</u>	<u>120,045</u>
Excess of Revenues Over (Under) Expenditures	(558,166)	(558,166)	(424,572)	133,594
Other Financing Sources:				
Operating transfers in	<u>558,166</u>	<u>558,166</u>	<u>438,166</u>	<u>(120,000)</u>
Net Change in Fund Balances	-	-	13,594	133,594
Fund Balances - January 1	<u>83,459</u>	<u>83,459</u>	<u>83,459</u>	-
Fund Balances - December 31	<u>\$ 83,459</u>	<u>\$ 83,459</u>	<u>\$ 97,053</u>	<u>\$ 133,594</u>



Georgetown Charter Township, Michigan  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended December 31, 2004

**NOTE – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. Before November 30, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than November 30.

The appropriated budget is prepared by fund, function, and activity. Budgetary control over expenditures is exercised by the Township Board. Appropriated budgets are amended by a majority vote of the Township Board. The legal level of budgetary control is the activity level within the fund. During the current year, the budget was amended in a legally permissible manner. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

# **Supplemental Data**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special Revenue Funds are established to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Senior Center Fund – was established to account for the revenues and expenditures of the Senior Center

### **Permanent Funds**

Permanent Funds account for assets held by the township pursuant to a trust agreement. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Perpetual Care Fund – was established to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the township cemetery.

Georgetown Charter Township, Michigan  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2004

	Special Revenue Fund <u>Senior Center</u>	Permanent Fund <u>Perpetual Care</u>	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 59,568	\$ 889,070	\$ 948,638
Accounts receivable	<u>143</u>	<u>-</u>	<u>143</u>
Total Assets	<u>\$ 59,711</u>	<u>\$ 889,070</u>	<u>\$ 948,781</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 9,359	\$ -	\$ 9,359
Fund Balances:			
Reserved	<u>50,352</u>	<u>889,070</u>	<u>939,422</u>
Total Liabilities and Fund Balances	<u>\$ 59,711</u>	<u>\$ 889,070</u>	<u>\$ 948,781</u>

Georgetown Charter Township, Michigan  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2004

	Special Revenue Fund <u>Senior Center</u>	Permanent Fund <u>Perpetual Care</u>	Total Nonmajor Governmental Funds
Revenues:			
State grants	\$ 47,537	\$ -	\$ 47,537
Charges for services	51,697	42,770	94,467
Interest	-	39,146	39,146
Increase in fair value of investments	-	(133)	(133)
Other	<u>225</u>	<u>-</u>	<u>225</u>
Total Revenues	99,459	81,783	181,242
Expenditures:			
Current:			
Recreation and culture	<u>141,711</u>	<u>-</u>	<u>141,711</u>
Excess of Revenues			
Over (Under) Expenditures	<u>(42,252)</u>	<u>81,783</u>	<u>39,531</u>
Other Financing Sources (Uses):			
Operating transfers in	55,753	-	55,753
Operating transfers out	<u>-</u>	<u>(39,146)</u>	<u>(39,146)</u>
Total Other Financing Sources (Uses)	<u>55,753</u>	<u>(39,146)</u>	<u>16,607</u>
Net Change in Fund Balances	13,501	42,637	56,138
Fund Balances - January 1	<u>36,851</u>	<u>846,433</u>	<u>883,284</u>
Fund Balances - December 31	<u><u>\$ 50,352</u></u>	<u><u>\$ 889,070</u></u>	<u><u>\$ 939,422</u></u>

# STATISTICAL SECTION

Georgetown Charter Township, Michigan  
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION - UNAUDITED  
 Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Community and Economic Development	Recreational And Cultural	Other	Total
1995	\$ 622,481	\$ 1,042,714	\$ 1,205,878	\$ 44,859	\$ 715,145	\$ 7,500	\$ 3,638,577
1996	670,545	1,402,269	2,556,184	36,795	869,893	7,500	5,543,186
1997	714,266	2,155,801	1,836,622	44,848	796,604	7,678	5,555,819
1998	1,043,056	1,939,935	1,651,127	46,305	884,622	8,000	5,573,045
1999	748,181	3,574,383	1,108,454	44,851	851,086	8,100	6,335,055
2000	894,666	1,749,867	2,030,495	68,772	927,080	8,963	5,679,843
2001	843,521	2,139,821	1,213,973	66,298	1,444,314	8,963	5,716,890
2002	819,625	2,002,563	1,240,205	56,154	1,352,726	-	5,471,273
2003	991,135	2,107,159	1,253,680	57,548	1,628,169	-	6,037,691
2004	844,736	1,896,129	782,793	60,512	1,153,236	-	4,737,406

Georgetown Charter Township, Michigan  
 GENERAL GOVERNMENTAL REVENUES BY SOURCES - UNAUDITED  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses And Permits</u>	<u>Grants</u>	<u>State Shared Revenues</u>	<u>Charges For Services</u>	<u>Fines and Forfeitures</u>
1995	\$ 722,721	\$ 304,052	\$ -	\$ 1,864,860	\$ 127,019	\$ 204,276
1996	1,079,403	326,837	-	1,833,599	126,945	223,308
1997	1,130,142	337,677	5,596	2,450,983	141,284	224,574
1998	1,656,867	420,651	12,000	2,305,109	153,092	210,944
1999	2,033,377	375,723	-	2,529,473	151,588	234,601
2000	2,162,171	389,122	25,920	2,670,104	147,332	242,113
2001	2,345,542	622,900	3,307	3,760,171	167,644	242,415
2002	2,517,996	626,311	46,037	3,501,380	249,563	281,828
2003	2,685,913	663,512	150,617	3,224,319	233,855	259,741
2004	2,822,024	403,159	47,537	3,029,132	277,534	261,168

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<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ 270,510	\$ 84,602	\$ 3,578,040
323,596	55,305	3,968,993
221,046	76,680	4,587,982
148,627	89,184	4,996,474
204,550	1,438,808	6,968,120
219,128	111,142	5,967,032
273,730	137,646	7,553,355
224,497	168,962	7,616,574
155,014	272,026	7,644,997
99,027	145,186	7,084,767



Georgetown Charter Township, Michigan  
 PROPERTY TAX LEVIES AND COLLECTIONS - UNAUDITED  
 Last Ten Fiscal Years

Fiscal Year Ended December 31 *	Tax Levy	Collections to March 1, Year Following Levy	
		Amount	%
1995	\$ 15,198,881	\$ 14,781,086	97.25
1996	16,232,135	15,804,933	97.37
1997	18,610,036	18,200,244	97.80
1998	20,326,444	19,811,880	97.47
1999	22,021,341	21,329,534	96.86
2000	24,074,043	23,426,819	97.31
2001	25,512,127	24,676,778	96.73
2002	27,200,353	26,392,702	97.03
2003	29,647,615	28,705,682	96.82
2004	30,047,965	29,157,068	97.04

\* Taxes levied on December 1 of prior year.

Georgetown Charter Township, Michigan  
 STATE EQUALIZED VALUE (1) OF TAXABLE PROPERTY - UNAUDITED  
 Last Ten Fiscal Years

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
1995	\$ 615,074,864	\$ 31,699,000	\$ 646,773,864
1996	689,774,807	33,739,961	723,514,768
1997	766,660,482	33,855,700	800,516,182
1998	850,496,074	35,513,128	886,009,202
1999	923,877,503	38,682,468	962,559,971
2000	1,005,170,850	41,349,300	1,046,520,150
2001	1,100,610,466	43,863,200	1,144,473,666
2002	1,184,887,022	44,280,300	1,229,167,322
2003	1,260,950,068	40,979,800	1,301,929,868
2004	1,327,628,621	39,854,700	1,367,483,321

Note:

- (1) Assessed values are established annually by the county and equalized by the state. State equalized values represent 50% of market value as determined by the State Tax Commission on the fourth Monday in May of each year.

Georgetown Charter Township, Michigan  
 COMPONENTS OF STATE EQUALIZED VALUE - UNAUDITED  
 Last Ten Fiscal Years

<u>Year</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>	<u>Total Real</u>
1995	\$ 6,610,731	\$ 75,317,489	\$ 9,108,634	\$ 524,038,010	\$ 615,074,864
1996	7,047,008	87,904,412	11,820,892	583,002,495	689,774,807
1997	7,083,315	96,751,408	14,709,470	648,116,289	766,660,482
1998	9,416,011	100,666,861	19,273,869	721,139,333	850,496,074
1999	8,302,791	103,993,602	21,544,087	790,037,023	923,877,503
2000	8,471,637	114,302,567	24,017,959	858,378,687	1,005,170,850
2001	8,969,381	115,624,897	29,306,668	946,709,520	1,100,610,466
2002	9,572,750	121,460,661	31,526,374	1,022,327,237	1,184,887,022
2003	6,437,609	123,214,716	33,143,189	1,098,154,554	1,260,950,068
2004	6,315,627	123,841,331	34,084,965	1,163,386,698	1,327,628,621

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<u>Total Personal</u>	<u>Total SEV</u>
\$ 31,699,000	\$ 646,773,864
33,739,961	723,514,768
33,855,700	800,516,182
35,513,128	886,009,202
38,682,468	962,559,971
41,349,300	1,046,520,150
43,863,200	1,144,473,666
44,280,300	1,229,167,322
40,979,800	1,301,929,868
39,854,700	1,367,483,321

Georgetown Charter Township, Michigan  
MAJOR TAXPAYERS - UNAUDITED

<u>Taxpayer</u>	<u>Principal Product/Service</u>	<u>2004 Taxable Value</u>	<u>Percent Of Total 2004 Taxable Value</u>
Consumers Energy	Utility	\$ 8,422,349	0.71%
Michigan Consolidated Gas	Utility	5,722,645	0.48%
Brookmeadow No. 2	Apartments	5,636,799	0.48%
BBG Corporation	Apartments	5,106,551	0.43%
Brookmeadow Ltd Partners	Apartments	4,006,469	0.34%
Meijer Inc.	Retail Store	3,853,648	0.33%
RiverView Associates	Apartments	3,251,666	0.27%
Dayton Hudson Corporation	Retail-Target	2,745,476	0.23%
KM Jenison LLC	Retail	2,704,124	0.23%
Oak Crest Homes Inc.	Retirement Housing	2,696,257	0.23%

Georgetown Charter Township, Michigan  
 PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS - UNAUDITED  
 Last Ten Fiscal Years

<u>Year</u>	<u>Georgetown Township</u>	<u>Michigan</u>	<u>Ottawa County</u>	<u>School District</u>	<u>Intermediate District</u>	<u>Totals</u>
	<u>Operating</u>	<u>State Education</u>	<u>Operating &amp; E-911</u>	<u>Operating and Debt</u>	<u>Operating, Debt and Special Ed</u>	
1995	1.6500	6.0000	4.8990	21.0000	3.4730	37.0220
1996	1.6050	6.0000	4.7165	23.9500	3.4730	39.7445
1997	2.2050	6.0000	4.6985	23.9500	3.4664	40.3199
1998	2.5050	6.0000	4.8040	23.9500	3.4588	40.7178
1999	2.5050	6.0000	4.3812	23.9500	4.3353	41.1715
2000	2.5000	6.0000	4.3760	23.8960	4.2999	41.0719
2001	2.5000	6.0000	4.2722	23.7520	4.2854	40.8096
2002	2.5000	6.0000	4.1672	25.0020	4.2688	41.9380
2003	2.5000	5.0000	4.1611	25.2000	4.2305	41.0916
2004	2.2500	6.0000	4.2593	25.2000	4.2192	41.9285

## Notes:

- (1) Georgetown Charter Township is situated within the boundaries of several school districts. The Jenison School District tax rates were selected for use in this table.
- (2) The 1995 - 2004 School District Operating and Debt rate includes 18.0000 mills which is levied on non-homestead property only.

Table 8

Georgetown Charter Township, Michigan  
 RATIO OF NET GENERAL BONDED DEBT  
 TO STATE EQUALIZED VALUE - UNAUDITED  
 Last Ten Fiscal Years

Fiscal Year	State Equalized Valuation (2) (in Thousands)	Gross Bonded Debt (1) (in Thousands)	Debt Service Monies Available (in Thousands)	Net Bonded Debt (in Thousands)	Ratio Of Net Bonded Debt To State Equalized Value
1995	\$ 606,929	\$ 135	\$ -	\$ 135	\$ 0
1996	646,774	60	-	60	0.01
1997	723,515	-	-	-	-
1998	800,516	-	-	-	-
1999	886,009	-	-	-	-
2000	962,560	-	-	-	-
2001	1,046,520	-	-	-	-
2002	1,144,474	-	-	-	-
2003	1,229,167	-	-	-	-
2004	1,301,930	-	-	-	-

Notes:

(1) Includes all long-term general obligation bonded debt.

(2) State equalized value is for prior year.

Georgetown Charter Township, Michigan  
 BONDED INDEBTEDNESS SUMMARY - UNAUDITED

Direct Bonded Indebtedness  
 as of December 31, 2004

Act 342 Water and Sewer Bonds	\$	5,812,694	(Township's share of Ottawa County bonds)
Net Direct Debt	\$	5,812,694	

Overlapping Bonded Indebtedness  
 as of December 31, 2004

Municipality	Total		Georgetown Township's Share		
	Taxable Value	Debt	Taxable Value	%	Debt
Jenison School District	\$ 704,891,463	\$ 54,825,000	\$ 704,891,463	100.00%	\$ 54,825,000
Hudsonville School District	925,847,184	97,612,685	442,825,779	47.83%	46,687,417
Grandville School District	1,208,733,287	47,890,000	35,351,938	2.92%	1,400,643
Ottawa County at Large	8,017,866,823	16,795,000	1,183,069,180	14.76%	2,478,171
Ottawa Intermediate District	9,116,161,813	8,130,000	1,147,717,242	12.59%	1,023,560
Kent Intermediate District	18,364,399,400	-	35,351,938	0.19%	-
Grand Rapids Community College	18,364,399,400	60,195,000	35,351,938	0.19%	115,877
Net Overlapping Debt					106,530,669
Net Direct and Overlapping Debt					112,343,363

Summary of Direct and Overlapping Debt

Population estimate	43,800
Actual Valuation (True Cash Value)	\$ 2,734,966,642
SEV	\$ 1,367,483,321
Taxable Value	\$ 1,183,069,180
Per Capita SEV	31,221
Per Capita Taxable Valuation	27,011
Net Direct Debt	\$ 5,812,694
Per Capita	\$ 132.71
Ratio to True Cash Value	0.21%
Ratio to SEV	0.43%
Ratio to Taxable Value	0.49%
Net Direct And Overlapping Debt	\$ 112,343,363
Per Capita	\$ 2,564.92
Ratio to true cash value	4.11%
Ratio to SEV	8.22%
Ratio to taxable value	9.50%

The Township has never defaulted on payment of its bonded indebtedness.



Georgetown Charter Township, Michigan  
 CONSTRUCTION PERMIT VALUES - UNAUDITED  
 Last Ten Fiscal Years

Year Ended December 31	Commercial Construction (1)		Residential Construction (1)	
	Number Of Units	Value	Number Of Units	Value
1995	31	\$ 6,631,104	602	\$ 36,290,125
1996	46	8,637,700	533	46,455,895
1997	23	8,580,527	589	52,899,609
1998	72	16,771,764	569	48,853,034
1999	73	17,617,192	609	49,036,065
2000	34	10,706,820	528	50,243,114
2001	11	8,375,740	258	39,400,421
2002	10	2,042,605	283	46,982,298
2003	11	2,167,109	315	52,377,441
2004	34	10,091,700	369	63,214,948

Note:

(1) Includes additions, remodeling and new construction 1995 - 2000  
 Includes only new construction 2001 - 2004

Information for this table provided by the Township Building department.